



MANAGEMENT & TRUST FUND REVIEW REPORT

FY JULY 1, 2021—JUNE 30, 2022



SOUTH CAROLINA DEPARTMENT OF
Employment and Workforce
"The Workforce Agency"

AGENCY INTRODUCTION

MISSION AND VISION

The S.C. Department of Employment and Workforce (DEW) continued to fulfill its mission to successfully serve South Carolina by promoting and supporting “an effective, customer-driven workforce system that facilitates financial stability and economic prosperity for employers, individuals and communities.” Our agency not only fulfilled this mission in the past calendar year, but also set a record for the highest number of individuals working in our state’s history.

Both our monthly unemployment rates and weekly initial claims have remained in a predictable, steady state, which have allowed us to focus on reemployment and strengthening our economy. DEW has experienced many successes involving reemployment, renewing the trust fund, job demand, providing claimant and employer services, and more.

We have shared agency updates, program launches, and data throughout this report to illustrate the tremendous achievements and work ethic of our agency. Some examples from the July 1, 2021 – June 30, 2022 fiscal year include how DEW has:



Developed the Labor Force Participation Task Force in partnership with multiple state agencies, businesses, and institutes of higher education to research why there is a deficit of participants in the workforce compared to the surplus of jobs available in the state. The Task Force’s research, reports, and additional resources can be found [here](#).



Created the Workforce Reemployment Assistance Program (WRAP), which is an innovative, multi-week program that helps unemployment insurance (UI) claimants move from unemployment to reemployment as quickly as possible with intensive, personal services provided by DEW representatives.



Announced that South Carolina’s UI tax rates will decrease or remain the same for all employers in 2023. This is the tenth year in a row that the agency, the General Assembly, and the Governor’s Office have been able to maintain or lower UI business tax due to prudent planning.



Welcomed new executive staff to the agency, including Chief of Staff William Floyd, Assistant Executive Director of Workforce Development Nina Staggers, Unemployment Insurance Director Paul Famolari, Labor Market Information Director Dr. Bryan Grady, and Governmental Affairs Director Ellen Andrews-Morgan.



G. Daniel Ellzey
Executive Director
S.C. Department of Employment
and Workforce

The agency’s vision states that our purpose is, “to be viewed as an efficient, transparent, customer-friendly partner in providing quality workforce solutions.” This reality can only be attained because our agency is comprised of exceptionally talented individuals whose tireless efforts and professionalism improve the quality of services that we offer.

Even throughout the most challenging months of the pandemic and our continued efforts in expanding the labor force, our agency never sacrificed customer care, self-examination, and innovation in how we interact with and support the citizens of South Carolina.

The S.C. Department of Employment and Workforce will always listen to claimants, connect jobseekers with employers, strive to be on the cutting edge of technology, prepare for any economic event, and offer the highest quality of resources to claimants and employers.

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PRIMARY PRODUCTS AND SERVICES

AGENCY DEPARTMENTS AND DIVISIONS



UNEMPLOYMENT INSURANCE

A federally mandated program that provides financial assistance to eligible workers who become unemployed through no fault of their own. This division also sets the tax rates for employers, collects the UI taxes, accepts unemployment claims, and makes rulings on those claims.



EMPLOYMENT SERVICES

This division works to bring employers and job seekers together through hiring events, specialized training, and pilot projects, to name a few examples. Employment Services also oversees weekly job matches in which they match the skills and location of UI claimants with local businesses looking to hire individuals with those skills. Matched claimants receive texts, emails, and referrals through our SC Works Online Services (SCWOS) job database with details about jobs they matched with and how to apply.



WORKFORCE DEVELOPMENT

Focuses on innovative approaches to workforce development. This division also operates federal and state training programs and evaluates the efficiency of those programs for authorized trainers in the state.



LABOR MARKET INFORMATION

LMI gathers employment statistics, job forecasts, wages, demographics and other data to help various stakeholders understand today's complex workforce.

AGENCY EMPLOYEE COUNTS

In order to successfully execute the mission and goals of the S.C. Department of Employment and Workforce, the agency, as of June 30, 2022, had a total of 607 employees:

- 560 Full-Time Employees
- 14 Temporary Grant Employees
- 23 Temporary Employees

These employees staff the Unemployment Insurance, Employment Services, Workforce Development, and Labor Market Information divisions, as well as other departments that provide support to those divisions.

UI DIVISION

The agency's Unemployment Insurance (UI) Division is responsible for the administration of the State's Unemployment Compensation Program. This division provides timely and accurate payment of unemployment benefits, reemployment services, and effective collection mechanisms to maintain UI Trust Fund solvency in an effort to serve South Carolinians as they transition from unemployment to reemployment.

In coordination with the U.S. Department of Labor, UI is a state-administered federal program designed to provide unemployment benefits to eligible workers who become unemployed through no fault of their own while they actively search for suitable work. In accordance with S.C. Code of Laws, Title 41, and S.C. Code of Regulations, Chapter 47, South Carolina employers are responsible for financing the UI program through quarterly tax contributions, payable to the state's UI Trust Fund. The program allows recipients of UI benefits to maintain purchasing power, thereby easing the serious effects of unemployment on individual households, the community and the state.

TRUST FUND

For the Fiscal Year (FY) 2022 (July 1, 2021 to June 30, 2022), the trust fund maintained its statutorily required level of reserves sufficient to withstand an average recession. The unadjusted UI Trust Fund balance, as of June 30, 2022, was \$1,387,797,571. The General Assembly's appropriation in fiscal years 2020 and 2021 of \$836.4 million in CARES Act funding for the trust fund has had a significant positive impact on the balance. Due to this additional support and continued economic recovery, the trust fund is above its adequate balance as of June 30, 2022, and there will be no trust fund rebuilding process required for 2023.

For a detailed assessment of the health of the state's UI Trust Fund, the agency's "FY 2022 Trust Fund Annual Assessment Report" is made available as Appendix A.



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EXECUTIVE SUMMARY

The South Carolina Unemployment Insurance Trust Fund (UI Trust Fund) is a trust established by the South Carolina Department of Employment and Workforce in 1967 to provide unemployment benefits to eligible workers. The General Assembly's appropriation of \$836.4 million in CARES Act funding for the trust fund in fiscal years 2020 and 2021 has had a significant positive impact on the balance. Due to this additional support and continued economic recovery, the trust fund is above its adequate balance as of June 30, 2022, and there will be no trust fund rebuilding process required for 2023.

The trust fund has maintained its solvency over the past several years as required by S.C. Code of Laws. The General Assembly's appropriation of \$836.4 million in CARES Act funding for the trust fund in fiscal years 2020 and 2021 has had a significant positive impact on the balance. Due to this additional support and continued economic recovery, the trust fund is above its adequate balance as of June 30, 2022, and there will be no trust fund rebuilding process required for 2023.

CURRENT STATUS

The trust fund's current status as of June 30, 2022, is as follows: Total Unemployment Insurance Trust Fund Balance: \$1,387,797,571. Total Unemployment Insurance Trust Fund Balance: \$1,387,797,571.

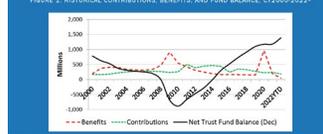
FUTURE OUTLOOK

The economic recovery from the pandemic-related recession is expected to continue, and it is anticipated that the trust fund will maintain its solvency over the next several years. The trust fund is above its adequate balance as of June 30, 2022, and there will be no trust fund rebuilding process required for 2023.

TABLE 1. UI TRUST FUND COMPONENTS, FY2018-2022

COMPONENT	FY2018	FY2019	FY2020	FY2021	FY2022
UI Trust Fund Balance	\$675,246,439	\$693,054,461	\$1,090,832,227	\$377,292,095	\$1,481,166,146
Contributions	\$38,375,937	\$39,129,372	\$477,252,044	\$384,935,937	\$338,737,932
Interest Income	\$18,935,376	\$32,086,514	\$25,511,364	\$28,475,328	\$28,819,025
Other Income	N/A	N/A	N/A	\$631,387,213	N/A
Benefits	\$171,887,204	\$174,848,119	\$248,708,781	\$248,878,365	\$133,553,512
Net Change	\$340,664,148	\$547,362,619	\$864,884,750	\$512,826,970	\$1,062,558,559
Rebuilding	\$11,414,400	\$1,000,000	\$780,765,000	\$3,981,646,146	\$1,387,797,571
Total	\$11,414,400	\$1,000,000	\$780,765,000	\$3,981,646,146	\$1,387,797,571

FIGURE 1. HISTORICAL CONTRIBUTIONS, BENEFITS, AND FUND BALANCE, CY2000-2022*



REEMPLOYMENT

All unemployment insurance claimants are placed in one of the following two reemployment programs. Both programs are operated in SC Works Centers across the state.

Workforce Reemployment Assistance Program (WRAP)

WRAP is a multi-week program to assist unemployment insurance claimants in finding a job regardless of barriers, background, or experience. Every claimant receives a phone call in their second week of filing to begin reemployment assistance. By the third and fourth week, claimants are meeting regularly with DEW's Employment Services Division to go over resumes, learn about SC Works services, discuss labor market information, find out about job fairs near them, and participate in the Enhanced Referral program. The goal is to move claimants from unemployment to reemployment as quickly as possible with intensive, personal services.

Reemployment Services and Eligibility Assessment (RESEA) Program

RESEA is designed to address individual reemployment needs of claimants and works to prevent and detect improper UI payments. RESEA serves as a bridge between Unemployment Insurance and Employment Services by providing services to ex-Military members and lack-of-work claimants, with the goal of reducing the duration of unemployment and protecting the integrity of the UI Trust Fund. Numerous services are provided through the program that include, but are not limited, to: direct communication with DEW representatives, provisions of labor market information, one-stop orientations, development of personalized employability plans, referrals to training, and unemployment compensation eligibility reviews. The RESEA program is operated in coordination with the Unemployment Insurance Division.



EMPLOYMENT SERVICES

WAGNER-PEYSER

Wagner-Peyser establishes the One Stop delivery system to give South Carolinians access to employment services. The chart below shows the achievement of Program Year (PY) goals from July 1, 2021 to June 30, 2022 (PY '21):

WAGNER-PEYSER QUARTERLY REPORT

	GOAL FOR PY '21	ACTUAL	PERCENT OF GOAL
Employment Q2	68.5%	64.2%	93.7%
Employment Q4	68.0%	65.4%	96.2%
Median Earnings	\$4,750	\$5,990	126.1%

JOB FAIRS AND HIRING EVENTS

In PY '21, there were 1,083 hiring events held statewide with 3,350 employers participating. Additionally, there were individual hiring events for specific companies that are typically held in local SC Works centers. Our agency also recognized the need for virtual job fairs and negotiated a plan to provide a virtual job fair platform for all local workforce development areas throughout the state. Each of the local areas can utilize this virtual job fair platform on an unlimited basis. Job fairs can now be in-person, virtual, or hybrid events at absolutely no cost to employers or jobseekers.



WEEKLY JOB MATCHING

To directly help jobseekers and employers, our agency implemented Weekly Job Matches. The skills, experience, and location of UI claimants are matched with businesses in their area looking for workers with those skills. The claimants are then sent emails and text messages with information about those positions and where to apply. In 2022, the agency sent a total of 6,669,818 messages to help match jobseekers to employers.

BE PRO BE PROUD SC

The Be Pro Be Proud SC mobile workshop visits schools and events, offering exposure to careers in trade, along with information about the skills needed and training resources. Stepping inside the 53-foot mobile workshop, participants experience nine in-demand professions, which offer engagement through: a heavy equipment simulator, forklift simulator, diesel technology, commercial driving simulator, construction technology, utility bucket station, welding simulators, and computer numerical control (CNC) operations.

Be Pro Be Proud is a public-private partnership, supported by the Associated Industries of South Carolina Foundation (AISCF) and DEW.

Be Pro Be Proud visited 109 cities in PY' 21. 12,003 students and 624 other guests attended the 107 Be Pro, Be Proud events held at schools, fairs, career centers, and conventions during the year.



VETERANS PROGRAM

SC Works centers across the state have staff – Disabled Veterans Outreach Program (DVOP) representatives and Local Veterans’ Employment Representatives (LVER) – who are trained to assist military jobseekers and their families to find civilian employment.

Through the support and assistance from DVOPs and LVERs, veterans are able to receive priority employment services.

VETERANS PERFORMANCE REPORT

	GOAL FOR PY ‘21	ACTUAL	PERCENT OF GOAL
Employment Q2	53.1%	55.2%	104.0%
Employment Q4	53.6%	54.9%	102.4%
Median Earnings	\$5,160	\$6,482	125.6%

VETERANS PORTAL

DEW launched its *SC Works Veterans Portal* in April 2022, which is a one-stop directory for South Carolina’s veterans to search for jobs, locate nearby SC Works centers for resume and networking assistance, learn about training and education opportunities, and take advantage of a myriad of resources on their job-seeking journey. The Veterans Portal, available at veterans.scworks.org, is a user-friendly and helpful platform that makes it easier for veterans to transition into civilian life. Veterans benefit from the search engine that allows them to look for work based on keyword, location, and military occupation code to filter which military skills are directly transferable to certain civilian jobs. The website also features veteran-focused hiring events and a page for the Honoring Investments in Recruiting and Employing (HIRE) Vets Program, which highlights employers in the state renowned for hiring veterans and offering them professional development opportunities.

RAPID RESPONSE

The state Rapid Response team works closely with local staff to coordinate and facilitate management meetings and group information sessions and assist with reemployment services. During group information sessions, state and local staff provide information about reemployment services and UI. It is through these sessions that affected workers are connected to the SC Works system. If a layoff is trade-impacted, Trade Adjustment Assistance staff are involved in the coordination and facilitation of rapid response activities.

During the program year, 296 rapid response activities were provided to a total of 163 South Carolina companies.

- 184 Management Meetings
- 87 Group Information Sessions
- 25 On-Site Services
- 1,277 Total Attendees

INDIVIDUAL EMPLOYER PLAN

The agency and the representatives in the SC Works centers work with individual employers to develop a plan for them to obtain appropriate employees. The assigned employer team works with the employer to determine the best path forward for recruiting and identifying skills needed for their open positions. These plans can include the job match program, virtual job fairs, recall assistance, hiring events, and screening services, among other personalized services.

WORKFORCE DEVELOPMENT

The Workforce Development Division focuses on innovative and collaborative approaches to workforce development through partnerships with state and local boards, as well as other agencies and organizations throughout the state.

TRAINING

In November 2020, South Carolina launched a public-facing Eligible Training Provider List (ETPL) Program Performance report of Workforce Innovation and Opportunity Act (WIOA) participant outcomes for Program Year (PY)'18 and PY'19 through the Palmetto Academic and Training hub (PATH). The report provides detailed information on training completion rates, employment outcomes, median wages, and credential attainment for approved training providers and programs of training. The State partnered with the SC Commission on Higher Education and the State Technical College System in preparing to release the report to ensure there was mutual agreement in data reporting. The report is updated on a quarterly basis and is utilized by jobseekers to make informed decisions, as well as by local workforce development areas (LWDAs) to determine in which training programs to invest funds.

South Carolina did not have any active waivers in PY'21. The State submitted a request to waive the requirements outlined in the Workforce Innovation and Opportunity Act (WIOA) at Sections 116 and 122, pertaining to the collection and reporting of performance data on all students participating in training programs listed on the state's Eligible Training Providers List (ETPL) for Program Years 2021 and 2022. DOL denied the state's request, and South Carolina submitted all student performance data on October 27, 2021. The State intends to request a waiver of the 75 percent out-of-school youth expenditure requirement outlined in WIOA Section 129(a)(4)(A). If approved, the waiver will enable South Carolina to expand access to employment and training resources in rural communities, further engage and assist in-school youth with barriers to employment and increase the utilization of work-based learning. The State's request is to lower the out-of-school expenditure rate to 50 percent.

SOFT SKILLS

Increasing the provision of soft skills instruction is a key focus of the State Workforce Development Board (SWDB) to better prepare the workforce and support the needs of employers. In PY'20, South Carolina conducted an in-depth analysis of current job opportunities utilizing national and state labor market data. The analysis determined that today's essential soft skills are communication, digital literacy, problem solving, professionalism, teamwork, and time management. Partners then assessed the soft skill curricula across programs to ensure alignment with today's essential soft skills, and agreed to report biannually and annually on the soft-skills education provided through their programs. During PY'21, approximately 4,867 participants received soft skills instruction, showing an increase of 1,013 participants from PY'20.

WORK-BASED LEARNING ACTIVITIES

State Plan partners created a workgroup to develop strategies for increasing the utilization of work-based learning. The workgroup first met in June 2021 to identify pain points and explore joint solutions that would benefit the system. The workgroup meets monthly, and one meeting included another state's presentation of best practices. Partners anticipate implementation of co-created strategies in PY'22.

CYBER PIPELINE

In PY'20, Governor Henry McMaster launched the development of a cybersecurity strategic plan. The plan will further align the state's existing cyber initiatives; it is also an opportunity to position South Carolina as a highly competitive player in the cyber industry, which will enable the state to train, attract, and produce a workforce for the economy's high-tech, high-paying jobs.

Much research and planning occurred during the program year to support the SC Cybersecurity Assistance Program (SCCAP) and the CompTIA Incumbent Worker Training Program, both of which bolster the state's efforts to build a cyber talent pipeline. SCCAP offers defense firms technical assistance in implementing the Cybersecurity Maturity Model Certification (CMMC). With businesses implementing IT standards, a skilled cyber workforce is required. Through the CompTIA Incumbent Worker Training Program, scholarship opportunities are available for companies to train their employees directly with CompTIA for A+ or Security+. As of July of 2022, 76 businesses have been approved for training and have had employees participating in CompTIA.

DEW was awarded grants in 2020 and in 2021 totaling \$1,317,829 from the Department of Defense Office of Local Defense Community Cooperation (OLDCC). DEW, in partnership with the SC Manufacturing Extension Partnership and Commerce, continued implementation of the South Carolina Cyber Assistance Program (SC-CAP) to provide funding and technical assistance to South Carolina manufacturers to meet the cybersecurity standards within Department of Defense contracts. Upon completing the program, companies have updated cybersecurity policies and procedures, reduced risk against cyber threats, and are able to comply with Department of Defense cybersecurity requirements.

ELECTRIC VEHICLES

With the understanding that electric vehicles (EV) occupations are part of a growing industry that will play an important role in South Carolina's future workforce, our agency has been conducting research and analyzing how the state can develop a long-term EV infrastructure to further enhance the economy. Prior to Governor McMaster's [Executive Order 2022-31](#) announcing that DEW would conduct a supply-gap analysis of the electric vehicle ecosystem, our agency had begun having discussions with the business community, industry stakeholders, education providers, and other state agencies to ascertain the projected demand for EV-relevant training, credentials, and certifications. We will continue to explore opportunities to enhance the state's workforce development policies to specifically address the needs of the EV industry.

PLANNED EVALUATIONS AND RESEARCH PROJECTS

The SC Workforce Development Board partnered with the National Governors Association to compile information and examples from other states regarding the structure and governance of state workforce development boards. To gather the information, the NGA Center for Best Practices developed a survey that was circulated to state workforce development board directors and staff across the country. Based on the survey responses and independent research, the NGA center prepared a memo summarizing the state examples and best practices in the following key areas:

- Membership
- Committees and task forces
- Staff support
- Onboarding new members
- Training and professional development
- Stakeholder engagement
- Communications
- Local board engagement

A comparison of the examples compiled by the NGA to current practices deployed by the SWDB shows that the SWDB is organized very similarly to other state workforce boards. Additionally, many of the practices highlighted in the memo are practices that the SWDB currently uses. Differences emerged in areas of membership, committees and task forces, and local engagement. As a result of the survey, the Board will support the use of ad hoc task forces and work groups to engage stakeholders, including local workforce development boards, in the work of the SWDB.

RESULTS OF THE RURAL ANALYSIS

During PY'21, the University of South Carolina's Darla Moore School of Business conducted an analysis to determine if workers in rural areas faced greater barriers to reemployment than their urban or suburban counterparts. The research findings were published in September 2022 and concluded that rural workers laid-off during the COVID-19 recession were more likely to experience a longer period of unemployment than their urban counterparts, despite a broad-based labor market recovery over the past two years. Reemployment initiatives directed toward rural areas will be a crucial component of any economic development strategy to help improve long-term economic growth. In PY'22, the SWDB will communicate strategies for prioritizing rural areas. Strategies may include:

- Expanding the use of online services to connect rural job seekers to employment and training opportunities.
- Increasing availability and breadth of supportive services to remove barriers.
- Conducting strategic outreach to communities and individuals who need assistance reentering the workforce.
- Utilizing non-traditional service strategies such as transitional jobs and work experience for adult participants to help overcome gaps in employment.
- Engaging employers through industry and sector partnerships.

VIRTUAL REALITY SURVEY

In cooperation with the SWDB, DEW is evaluating the current and planned utilization of virtual reality (VR) in education and workforce development. VR is the computer-generated simulation of a 3D image or environment. A person interacts with VR by using electronic equipment such as a helmet with a screen inside or gloves fitted with sensors. VR offers a new, hands-on approach to career exploration and can be used to augment classroom and on-the-job training.

SWDB investments in statewide employment and training activities have allowed LWDA's to purchase and deploy virtual reality equipment. The Upstate LWDA is a front-runner in the use of VR in partnership with K-12 and employers. Through our research, we have also found examples of VR use in other states, including Alabama, Arkansas, and Oregon. The survey, distributed to education and workforce partners, will help us better understand the current and desired use of VR in workforce development and inform strategies to best support and expand the use of VR technology. Results of the survey will be available in the 2nd quarter of PY'22.

SECTOR STRATEGIES AND CAREER PATHWAYS

South Carolina has continued its work with sector strategies as a method for aligning partners and their resources to business and industry needs. This targeted approach to sector strategies allows for industry to lead and public partners to listen, fostering effective solutions for both workforce and the broader competitive needs of their industry. Sector-focused activity is prevalent across the spectrum of education and workforce development as demonstrated by the following activity:

- Development of stackable credentials in high-growth, high-demand sectors;
- Allocation of resources for training in high-growth, high-demand sectors;
- Business engagement through industry-led manufacturing sector partnerships in both the Link Upstate and South Coast Regions;
- Pursuit of sector-focused discretionary funding in both the Pee Dee and Upper Savannah workforce areas; and
- Efforts to build a cyber workforce in response to changing business operations and recent spikes in ransomware attacks.

ACTIVITIES PROVIDED BY STATE FUNDS

Secret Shopper

In order to assess and improve the SC Works customer experience, the SWDB invested \$100,000 in a comprehensive evaluation of the SC Works system using a secret shopper approach. The project is expected to last 12 months, concluding in 2023. Results of the evaluation will identify promising practices to be scaled across the state, inform resource investments, and highlight the need for staff training and professional development.

SWDB Resiliency Grant

LWDAs were invited to submit requests for discretionary funding through the SWDB Resiliency Grant for activities and initiatives that align with one or more of the SWDB priorities, including increasing labor participation, program outreach, rural development, innovation, and continuous improvement. All 12 local workforce development areas applied and were awarded a total of \$4,664,993 to support local activities for an 18 month grant period from December 1, 2021 – May 31, 2023.

PERFORMANCE ACCOUNTABILITY

Participants Served

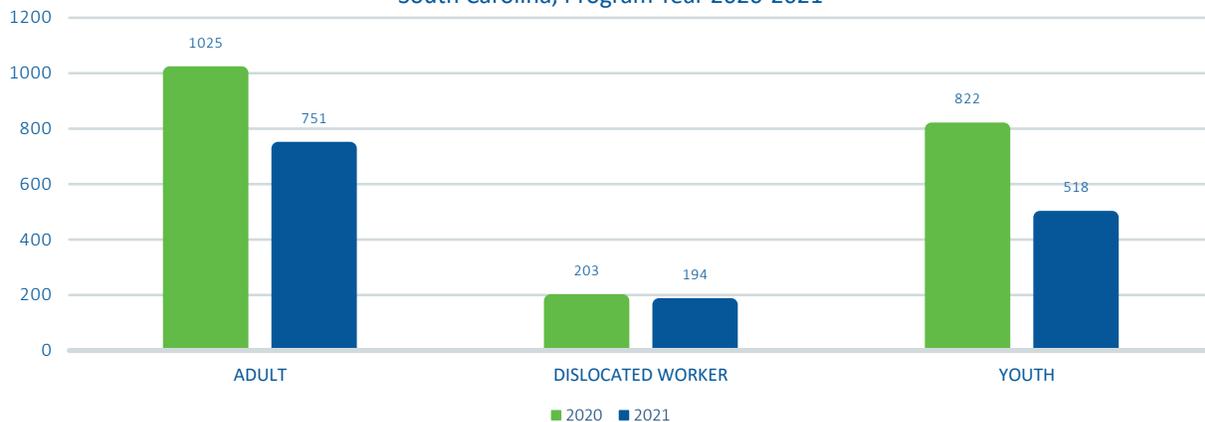
During PY'21, South Carolina served 3,866 adults, 574 dislocated workers, and 1,671 youth participants through WIOA-funded programs in our 12 LWDAs.

Adult, Dislocated Worker, and Youth Programs

During PY'21, 751 adults, 194 dislocated workers, and 518 youth received industry recognized credentials statewide. From PY'19 to PY'20, the percentage of participants receiving credentials increased by 14.8 percent for adults. Dislocated worker credential attainment decreased by 4.7 percent and youth credentials decreased 0.6 percent during this time. The increase in credentials earned by the adult participants was encouraging despite effects of the pandemic.

NUMBER OF ADULT, DISLOCATED WORKER, AND YOUTH PARTICIPANTS RECEIVED CREDENTIALS

South Carolina, Program Year 2020-2021



The chart below reflects Adult, Dislocated Worker, and Youth program performance for Program Year 2021:

PROGRAM YEAR 2021 - ANNUAL PERFORMANCE SUMMARY (QUICK REFERENCE)

WorkLink					Pee Dee				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	104.2%	99.3%	104.7%	102.7%	Employment Rate Q2	102.9%	89.0%	99.7%	97.2%
Employment Rate Q4	100.7%	97.3%	106.7%	101.6%	Employment Rate Q4	105.6%	105.0%	104.1%	104.9%
Median Earnings	123.7%	126.9%	107.2%	119.2%	Median Earnings	120.2%	125.5%	125.7%	123.8%
Credential Rate	113.0%	143.1%	79.2%	111.7%	Credential Rate	123.0%	114.7%	95.9%	111.2%
Measurable Skill Gains	125.4%	124.3%	119.6%	123.1%	Measurable Skill Gains	115.2%	135.9%	112.9%	121.3%
	113.4%	118.2%	103.5%			113.4%	114.0%	107.7%	

Upper Savannah					Lower Savannah				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	105.8%	94.8%	89.7%	96.8%	Employment Rate Q2	100.9%	87.9%	100.8%	96.5%
Employment Rate Q4	92.7%	108.3%	95.0%	98.7%	Employment Rate Q4	97.1%	83.5%	115.3%	98.6%
Median Earnings	118.5%	118.9%	118.3%	118.6%	Median Earnings	113.1%	198.9%	122.2%	144.7%
Credential Rate	113.4%	119.1%	98.2%	110.2%	Credential Rate	113.6%	128.7%	121.4%	121.2%
Measurable Skill Gains	115.1%	169.0%	97.8%	127.3%	Measurable Skill Gains	103.0%	122.0%	133.2%	119.4%
	109.1%	122.0%	99.8%			105.6%	124.2%	118.6%	

Upstate					Catawba				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	97.1%	106.0%	100.4%	101.2%	Employment Rate Q2	102.7%	96.7%	113.4%	104.2%
Employment Rate Q4	99.2%	119.6%	123.6%	114.1%	Employment Rate Q4	92.8%	98.9%	102.4%	98.0%
Median Earnings	101.9%	151.0%	180.8%	144.6%	Median Earnings	123.5%	127.5%	141.2%	130.7%
Credential Rate	106.4%	110.2%	92.6%	103.1%	Credential Rate	136.8%	134.3%	73.7%	114.9%
Measurable Skill Gains	158.0%	163.5%	207.3%	176.3%	Measurable Skill Gains	81.8%	104.7%	116.3%	100.9%
	112.5%	130.1%	140.9%			107.5%	112.4%	109.4%	

Greenville					Santee-Lynches				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	96.9%	110.2%	143.5%	116.9%	Employment Rate Q2	99.5%	88.1%	105.8%	97.8%
Employment Rate Q4	106.9%	126.2%	117.3%	116.8%	Employment Rate Q4	93.3%	113.4%	117.4%	108.0%
Median Earnings	149.4%	128.4%	140.9%	139.6%	Median Earnings	100.0%	102.1%	155.3%	119.1%
Credential Rate	98.4%	86.1%	82.6%	89.0%	Credential Rate	100.7%	97.1%	108.4%	102.1%
Measurable Skill Gains	136.5%	130.7%	110.4%	125.9%	Measurable Skill Gains	134.2%	164.9%	118.2%	139.1%
	117.6%	116.3%	119.0%			105.5%	113.1%	121.0%	

Midlands					Waccamaw				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	96.9%	98.7%	117.0%	104.2%	Employment Rate Q2	97.8%	107.6%	114.8%	106.7%
Employment Rate Q4	100.8%	104.3%	95.5%	100.2%	Employment Rate Q4	110.3%	108.0%	119.3%	112.5%
Median Earnings	118.6%	100.2%	99.1%	106.0%	Median Earnings	139.0%	134.8%	165.1%	146.3%
Credential Rate	114.5%	97.0%	84.8%	98.8%	Credential Rate	93.2%	118.0%	98.0%	103.1%
Measurable Skill Gains	117.2%	110.7%	139.1%	122.3%	Measurable Skill Gains	111.9%	140.4%	130.6%	127.6%
	109.6%	102.2%	107.1%			110.4%	121.8%	125.5%	

Trident					Lowcountry				
Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score	Indicator/Program	Title I Adult % of Goal	Title I DW % of Goal	Title I Youth % of Goal	Overall Indicator Score
Employment Rate Q2	89.1%	95.3%	104.4%	96.2%	Employment Rate Q2	101.1%	93.5%	97.9%	97.5%
Employment Rate Q4	98.2%	99.5%	103.8%	100.5%	Employment Rate Q4	92.6%	98.1%	101.6%	97.4%
Median Earnings	112.5%	105.9%	135.4%	117.9%	Median Earnings	120.3%	110.6%	109.5%	113.5%
Credential Rate	105.3%	125.4%	73.9%	101.5%	Credential Rate	126.1%	129.8%	94.6%	116.8%
Measurable Skill Gains	114.7%	82.5%	104.7%	100.6%	Measurable Skill Gains	147.1%	135.7%	144.9%	142.5%
	103.9%	101.7%	104.4%			117.4%	113.6%	109.7%	

The assessment reflects performance across programs and negotiated indicators. To pass performance a Local Workforce Development Area (LWDA) must:

- Have an Overall Program Score (across all indicators) of at least 90 percent
- Have an Overall Indicator Score (across Adult, Dislocated Worker, and Youth programs) of at least 90 percent
- Have an individual indicator percentage of at least 50 percent

Color Coding

PASS

FAIL

WAGNER-PEYSER

South Carolina met or exceeded PY'21 Wagner-Peyser (WP) negotiated performance goals. The chart below provides actual performance for PY'20 and '21.

	Program Year 2020			Program Year 2021		
	Employment Q2	Employment Q4	Median Earnings	Employment Q2	Employment Q4	Median Earnings
Negotiated Goal	68.0%	67.5%	\$4,700	68.5%	68.0%	\$4,750
Percent of Goal — State	92.6%	95.6%	107.8%	93.7%	96.2%	126.1%
Percent of Goal — WorkLink	93.1%	97.8%	118.7%	88.3%	94.0%	126.0%
Percent of Goal — Upper Savannah	93.7%	97.8%	103.7%	94.2%	95.7%	117.3%
Percent of Goal — Upstate	96.6%	104.1%	121.9%	101.5%	100.6%	142.1%
Percent of Goal — Greenville	96.0%	101.5%	131.8%	92.8%	100.0%	150.1%
Percent of Goal — Midlands	93.8%	95.3%	98.5%	93.1%	94.7%	112.8%
Percent of Goal — Trident	81.9%	84.1%	129.4%	89.3%	89.9%	155.6%
Percent of Goal — Pee Dee	94.9%	96.9%	102.7%	93.7%	98.4%	120.0%
Percent of Goal — Lower Savannah	95.4%	95.0%	107.2%	96.2%	99.6%	119.4%
Percent of Goal — Catawba	89.3%	93.3%	120.2%	96.1%	99.3%	139.6%
Percent of Goal — Santee-Lynches	91.8%	96.0%	91.4%	94.7%	96.9%	110.8%
Percent of Goal — Waccamaw	94.9%	94.4%	96.6%	94.6%	96.0%	119.3%
Percent of Goal — Lowcountry	87.9%	88.0%	93.7%	86.7%	86.6%	104.0%

CUSTOMER SATISFACTION

State Instruction Letter 21-06, SC Works Certification Standards, provides criteria that must be used to evaluate one-stop centers and the one-stop delivery system for effectiveness, including customer satisfaction, physical and programmatic accessibility, and continuous improvement. The Jobseeker and Business Services Standards require local areas to have a customer feedback system in place that assesses customer satisfaction of both the service(s) provided and the outcome(s) of the services. Local areas use a variety of methods and processes to collect jobseeker and employer feedback.

In PY'21, local areas surveyed 4,610 jobseekers and 2,522 businesses:

JOB SEEKER SURVEYS

- Over 3,600 jobs seekers responded, yielding a 79% response rate.
- Job seekers responded favorably, resulting in a statewide average satisfaction rate of 88%.

BUSINESS/EMPLOYER SURVEYS

- More than 1,400 employers responded, yielding a 57% response rate.
- Employer feedback resulted in a statewide average satisfaction rate of 81%.

SURVEY METHODS

Local areas use a combination of paper and electronic survey methods:

- Electronic surveys are more commonly distributed to customers through email or made available on a website. Products such as Survey Monkey, Google Forms, MS Forms, Wufoo, Alchemer, and Rescare Pages are used for electronic surveys.
- Paper surveys are available in resource rooms and on or near staff workstations. In some LWDAs, centers have a central location where customers can submit completed paper forms.

The PY'21 jobseeker survey response rate increased by 62.5 percentage points, and the employer response rate increased by 29 percentage points. In all local areas, survey completion is voluntary. Efforts to increase response rates include:

- Using electronic or virtual platforms to distribute satisfaction surveys.
- Monitoring feedback more closely (e.g., weekly vs. monthly).

LABOR MARKET INFORMATION

The Labor Market Information (LMI) Division produces a wide array of data, statistics, and analysis related to employment and workforce in South Carolina. This includes labor supply and demand, wages and income, labor force and unemployment figures, employment projections, and labor force demographics. There are many consumers of LMI products, including workers and jobseekers, employers, elected officials and other policymakers, education professionals, and economic developers, as well as academic researchers and the media. All LMI material is publicly available at scworkforceinfo.com. LMI staff also provide trainings, responses to data requests, and presentations centered on the state's workforce.

The LMI Division operates four programs that are funded by the Bureau of Labor Statistics, part of the U.S. Department of Labor:

- Local Area Unemployment Statistics (LAUS) produce data on how many people are employed and how many people are unemployed, i.e., any individual who doesn't have a job and is actively looking for one. The sum of these two figures is the labor force, and the share of the labor force that is unemployed is the unemployment rate.
- Current Employment Statistics (CES) provide information on the number of filled jobs and their average wage every month, as well as some detail by industry. Note that these numbers may not always tell the same story: LAUS is a survey of households, while CES is a survey of businesses. LAUS and CES data are published monthly by DEW in our Employment Situation press release.
- The Quarterly Census of Employment and Wages (QCEW) is a record of all businesses in the UI system, how many people they employ, how much they pay, and what industry they are in. This information is more comprehensive than CES but not as timely.
- Occupational Employment and Wages Statistics (OEWS) provide information on payroll and salary by occupation rather than industry. These data are published annually.

WORKFORCE INNOVATION GRANT

LMI receives a Workforce Innovation Grant from the Employment and Training Administration, also part of the Department of Labor. This funding supports many additional products, including short- and long-term employment projections by industry and occupation, data on company staffing patterns, information on current job openings and job candidates, and much more, as well as occasional reports on topics of interest to LMI customers.

TRENDS

LMI publishes a monthly report, South Carolina Data Trends, which summarizes the data discussed here and provides analysis on economic topics of interest. Current and previous issues are available on the DEW website at dew.sc.gov/data-and-statistics/data-trends-issues. LMI also regularly updates our community profiles portal, which provides an array of information about our state, its counties and metropolitan areas, and 12 workforce development areas. Community Profiles are available at lmi.dew.sc.gov.

CURRENT EMPLOYMENT STATISTICS

Seasonally Adjusted – Year-Over-Year Change

COUNTY	NOVEMBER 2022			OCTOBER 2022			NOVEMBER 2021		
	EMPLOYED	UNEMPLOYED	TOTAL	% CHG	% CHG	% CHG	% CHG	% CHG	
Adair	1,200	100	1,300	0%	0%	1,300	0%	0%	
Albany	1,500	150	1,650	0%	0%	1,650	0%	0%	
Anderson	10,000	1,000	11,000	0%	0%	11,000	0%	0%	
Charleston	150,000	15,000	165,000	0%	0%	165,000	0%	0%	
Columbia	200,000	20,000	220,000	0%	0%	220,000	0%	0%	
Dorchester	1,000	100	1,100	0%	0%	1,100	0%	0%	
Edgecombe	1,500	150	1,650	0%	0%	1,650	0%	0%	
Florence	1,000	100	1,100	0%	0%	1,100	0%	0%	
Georgetown	1,500	150	1,650	0%	0%	1,650	0%	0%	
Greenville	10,000	1,000	11,000	0%	0%	11,000	0%	0%	
Hampton	1,000	100	1,100	0%	0%	1,100	0%	0%	
Horry	1,500	150	1,650	0%	0%	1,650	0%	0%	
Jackson	1,000	100	1,100	0%	0%	1,100	0%	0%	
Laurens	1,500	150	1,650	0%	0%	1,650	0%	0%	
Lexington	1,000	100	1,100	0%	0%	1,100	0%	0%	
Marion	1,500	150	1,650	0%	0%	1,650	0%	0%	
Mecklenburg	1,000	100	1,100	0%	0%	1,100	0%	0%	
Richland	1,500	150	1,650	0%	0%	1,650	0%	0%	
Saluda	1,000	100	1,100	0%	0%	1,100	0%	0%	
Spartanburg	1,500	150	1,650	0%	0%	1,650	0%	0%	
Union	1,000	100	1,100	0%	0%	1,100	0%	0%	
York	1,500	150	1,650	0%	0%	1,650	0%	0%	

INDUSTRY	NOVEMBER 2022			OCTOBER 2022			NOVEMBER 2021		
	EMPLOYED	UNEMPLOYED	TOTAL	% CHG	% CHG	% CHG	% CHG	% CHG	
Business	1,200	100	1,300	0%	0%	1,300	0%	0%	
Construction	1,500	150	1,650	0%	0%	1,650	0%	0%	
Education	10,000	1,000	11,000	0%	0%	11,000	0%	0%	
Healthcare	150,000	15,000	165,000	0%	0%	165,000	0%	0%	
Manufacturing	200,000	20,000	220,000	0%	0%	220,000	0%	0%	
Retail	1,000	100	1,100	0%	0%	1,100	0%	0%	
Transportation	1,500	150	1,650	0%	0%	1,650	0%	0%	
Utilities	1,000	100	1,100	0%	0%	1,100	0%	0%	
Government	1,500	150	1,650	0%	0%	1,650	0%	0%	
Other	1,000	100	1,100	0%	0%	1,100	0%	0%	

THE LABOR FORCE PARTICIPATION TASK FORCE

DEW launched the the South Carolina Labor Force Participation Task Force last year in collaboration with the S.C. Council on Competitiveness, state agencies, businesses, and institutes of higher education.



SOUTH CAROLINA LABOR FORCE PARTICIPATION TASK FORCE

The Task Force is comprised of various leaders from academia, research, and business who have united to conduct a multifaceted analysis of South Carolina's labor market. Members of the Task Force include:

- Dr. Aspen Gorry, Clemson University
- Dr. Orgul Ozturk, University of South Carolina
- Dr. Frank Hefner, College of Charleston
- Dr. Laura Ullrich, Federal Reserve
- Ron Hetrick, EMSI
- Dr. Chris Chmura, Chmura Economics
- Julia Pollak, ZipRecruiter
- Dr. Kory Kantenga, LinkedIn
- John Uprichard, CEO, Find Great People
- Frank Rainwater, Executive Director, S.C. Revenue and Fiscal Affairs Office
- Dr. Mike Mikota, President, Spartanburg Community College
- Dr. Bryan Grady, Labor Market Information Director, S.C. Department of Employment and Workforce
- Dr. Erica Von Nessen, Research Economist, S.C. Department of Employment and Workforce

Full bios and headshots of the members can be found at dew.sc.gov/taskforce.

The Task Force analyzes what is affecting South Carolina's workforce, how labor force participation can be increased, and can help us understand whether this should be a statewide or county-by-county effort. The task force's progress and additional information is available at dew.sc.gov/taskforce.

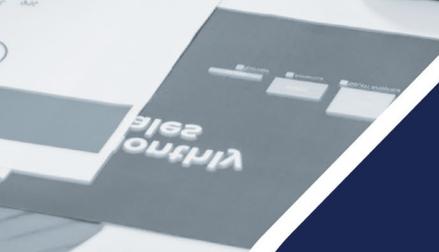
LEGISLATIVE RECOMMENDATIONS

DEW makes the following legislative recommendations that will improve efficiency, promote integrity, and provide relief to employers who come into compliance with the law:

- Amend Sections 41-31-160 and 41-35-615 to require more employers to electronically file quarterly wage reports and responses to unemployment insurance claims. Increased electronic filing by employers will speed claims processing, reduce errors, and promote efficiency by eliminating wasteful use of paper and the risk of lost mail. Additionally, electronic filing takes full advantage of the agency's modernized unemployment insurance benefits and tax systems and will help combat fraud and improper payments by immediately routing vital employer information to the appropriate claim for review and action.
- Amend Section 41-41-50 to establish a specific penalty for employers that fail to respond to wage audits. The general penalty currently prescribed in section 41-41-50 is time consuming, uncertain, and ineffective. Additionally, the misdemeanor penalties in section 41-41-50 are time consuming as well since these penalties require a criminal conviction, and the criminal justice process can extend multiple years. A penalty designed specifically for employers who refuse or fail to respond to the agency's wage audits would be more effective and more efficient as an enforcement mechanism.
- Amend Section 41-35-620 to require employers to report to DEW when they rehire or recall a recently terminated employee. This amendment would fill a gap with the State and the National Directories of New Hire, which do not require employers to report as a new hire any former employee that the employer recalls or rehires within 60 days. This change will combat fraud and improper payments, as the most common source of improper payments is from eligible claimants who continue to file for benefits after starting new jobs.
- Amend Section 41-31-60 (B) to provide relief to employers who are placed into Tax Class 20 because unpaid unemployment taxes have resulted in an active lien. Currently, employers must remain in the Tax Class 20 rate even if they entered into an installment repayment plan. The proposed amendment would incentivize good faith repayment by allowing employers to be placed in their normal tax rate as long as they are making payments pursuant to an approved installment payment plan.
- Amend Section 41-31-160 to require that when employers file the Employer Quarterly Contribution and Wage Reports, they also include the Standard Occupational Classification (SOC) code and the total number of hours worked for each employee. Currently, employers submit this report quarterly with all wages for each employee during the quarter, but not the SOC code or how many hours the employee worked to earn the wages. This amendment will aid DEW in collecting more focused and meaningful data about rates of pay in specific occupations, data which is critical in evaluating the effectiveness of education and workforce programs.



**MANAGEMENT AND
TRUST FUND REVIEW REPORT**
FY JULY 1 2021 - JUNE 30, 2022





SOUTH CAROLINA
Department of Employment and Workforce

SOUTH CAROLINA
UNEMPLOYMENT INSURANCE

FY2022

**TRUST
FUND
ANNUAL
ASSESSMENT**

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EXECUTIVE SUMMARY

Each fiscal year, the South Carolina Department of Employment and Workforce is required to submit, by October 1st, a report to the Governor, General Assembly and the Review Committee indicating the amount in the Unemployment Insurance (UI) Trust Fund and making an assessment of its funding level in accordance with Section 41-33-45 of the South Carolina Code of Laws. This assessment covers fiscal year 2022 (July 1, 2021-June 30, 2022).

CURRENT STATUS

Unemployment benefit outlays for FY2022 totaled \$133,533,512¹. Revenues generated to fund the UI programs (including benefit outlays and trust fund rebuilding) totaled \$319,727,912².

As of June 30, 2022, the UI Trust Fund had an unadjusted balance of \$1,387,797,571³. The health of

the trust fund has fluctuated substantially over the past two fiscal years in response to the COVID-19 pandemic.

The General Assembly's appropriation of \$836.4 million in CARES Act funding (received in August and December 2021) for the trust fund has had a significant positive impact on the balance. Due to this additional support and continued economic recovery, the trust fund is above its adequate balance as of June 30, 2022, and there will be no trust fund rebuilding process required for CY2023.

FUTURE OUTLOOK

The economic recovery from the pandemic-induced recession continues throughout the state. As of July 2022, all jobs lost had been recovered statewide and UI claim payments remain below their pre-pandemic levels. This strong recovery combined with the CARES Act appropriations will result in no solvency surcharge for CY2023⁴.

¹ Treasury Direct Account Statements

² *Ibid*

³ Treasury Direct Account Statements: Jun 2022

⁴ CY2022 tax rates will be mailed to all businesses the second week of November 2022.

CURRENT UNEMPLOYMENT INSURANCE TRUST FUND STATUS

The unadjusted UI Trust Fund balance as of June 30, 2022 was \$1,387,797,571⁵. No federal advances (i.e., loans) were needed to pay state UI benefits during FY2022. All previous advances from the federal government were repaid as of June 11, 2015. The COVID-19 pandemic had a significant negative impact on the trust fund balance. Fortunately, the trust fund was fully funded going into CY2020 and thus in better shape to weather a downturn. Additionally, swift legislative action, including appropriating \$836.4 million to the trust fund, has helped to mitigate the significant drain. The balance as of June 30, 2022 exceeded the state definition of adequate funding. Thus, no solvency surcharge will be required for CY2023, and weekly UI payments continue to remain below pre-pandemic levels.

Unlike during the Great Recession when the state had to borrow more than \$1 billion from the federal government to continue making unemployment benefit payments, the trust fund at the end of FY2022 is solvent and fully funded. South Carolina's UI Trust Fund is in an excellent position coming out of the COVID-19 pandemic-induced downturn because the state fully rebuilt the trust fund prior to the pandemic, and because the Legislature swiftly appropriated CARES Act funds to bolster the UI Trust Fund. Unlike many other states, South Carolina did not have to borrow money from the federal government to pay UI benefits during the pandemic.

More than 20 states had to borrow from the federal government to continue making unemployment benefit payments at some point during the past two years. As of August 30, 2022, six states continued to have an outstanding balance, and four states are actively borrowing. In addition to paying back these loans, these states must also now pay interest on the accumulated balances. The federal waiver on interest expired September 6, 2021. For FY2022, these states accumulated more than \$612.6 million in interest costs alone. South Carolina avoided this fate, and South Carolina employers will not have to pay increased UI taxes or a solvency surcharge to pay off loans and rebuild the trust fund.

RECENT UNEMPLOYMENT INSURANCE TRUST FUND HISTORY

The components of the Trust Fund are defined as follows:

- **Contributions** – Revenue received from employers, federal government, or other states as of June 30th.
- **Interest** – Federal Treasury interest posted to each state's Trust Fund account quarterly.
- **Benefits** – Benefit payments less benefit overpayment recoveries.
- **Fund Balance** – Unadjusted Trust Fund balance
- **Total Wages** – Total covered payroll wages reported by all covered employers for the period beginning July 1 and ending June 30.

Historical data of the principal components of the state UI Trust Fund are outlined in Table 1. Graphs of the historical contributions, benefits, and fund balance are shown in Figure 1 based on calendar year data. Note that data may not match from prior years as historical information has been updated to include data from reimbursable entities and combined wage claim information from other states.

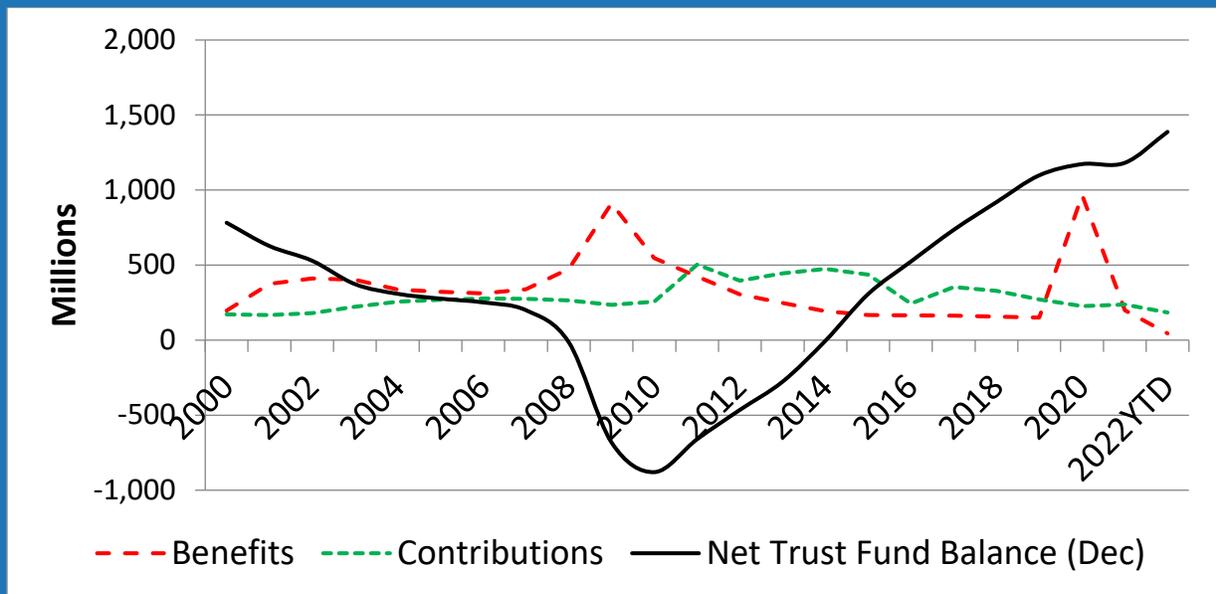
⁵ Treasury Direct Account Statement: Jun 2021

TABLE 1: UI TRUST FUND COMPONENTS, FY2018-2022

COMPONENT	FY2018	FY2019	FY2020	FY2021	FY2022
7/1 Begin Fund Balance	\$678,148,439	\$870,154,660	\$1,050,622,227	\$707,250,195	\$1,181,566,146
Contributions	\$348,257,937	\$315,229,172	\$477,274,994	\$284,303,507	\$319,727,912
Earned Interest	\$16,935,578	\$22,086,514	\$25,511,764	\$23,473,578	\$20,037,025
CARES Act	N/A	N/A	N/A	\$836,397,251	N/A
Benefits	\$173,187,294	\$156,848,119	\$846,158,789	\$669,858,385	\$133,533,512
6/30 End Fund Balance ⁶	\$870,154,660	\$1,050,622,227	\$707,250,195	\$1,181,566,146	\$1,387,797,571
Total Wages ⁷	\$72.6 billion	\$75.9 billion	\$78.0 billion	\$83.2 billion	\$93.4 billion

Note: Not equivalent to audited financial statements.

FIGURE 1: HISTORICAL CONTRIBUTIONS, BENEFITS, AND FUND BALANCE, CY2000-2022⁸



⁶ Treasury Direct Account Statements Jun 2017-Jun 2022, Unadjusted

⁷ Internal estimates August 18, 2022

⁸ US Department of Labor: Financial Handbook 394 <http://www.oui.doleta.gov/unemploy/hb394.asp> (information from USDOL excludes all federal advances and other fiscal year-ending adjustments) and ETA2112 Reports; contributions data exclude CARES Act funding

After 10 years of continuously falling annual benefit payments, South Carolina experienced a significant increase in benefit costs in the spring of 2020 as a result of the COVID-19 pandemic. This dramatic increase in benefit costs combined with declining tax revenues brought the trust fund balance from a high of nearly \$1.1 billion as of January 2020 to just over \$700 million by June 2020. An \$836.4 million infusion from legislatively appropriated CARES Act funds was received in August and December 2020 bringing the trust fund balance back over \$1.1 billion as of December 2020. Benefit payments have declined dramatically since the spring of 2020 and are now routinely below pre-pandemic levels. Barring any additional economic turmoil, the trust fund balance is expected to stay over \$1.2 billion for the foreseeable future.

SOLVENCY STANDARDS

South Carolina has adopted the most widely accepted measure of trust fund solvency, known as the Average High Cost Multiple (AHCM). See S.C. Code Ann. § 41-31-45(A). This measure of whether a state has enough money to cover unemployment claims during an economic downturn was devised in 1995 by the federal Advisory Council on Unemployment Compensation.

The AHCM is calculated by taking the trust fund balance as a percent of estimated wages for the most recent 12 months (also known as the reserve ratio) and dividing it by the Average High Cost Rate, which is the average of the three highest calendar year benefit cost rates, in the last 20 years or a period including three recessions, whichever is longer. Benefit cost rates are benefits paid as a percent of total wages in taxable employment.

For the upcoming year, 2023, the three highest cost years in the last 20 years or last three recessions (2001-2021) are 2009, 2010, and 2020. For instance, in 2009, the state paid out approximately 1.84 percent of total wages in benefits (\$910 million in benefits divided by \$49.4 billion in total wages). Averaging the high cost rate for those three years gives the average high cost rate of 1.439053448 percent. The most recently completed calendar year of 2021, the state paid \$88,222,462,855 in total wages. Multiplying the 1.44 percent by approximately \$88 billion provides the adequate balance for CY2023...\$1,269,568,394

The SC General Assembly has adopted the Department of Labor's recommendation that a state have an AHCM of 1.0, which means that the state has enough funds to pay one year of benefits at the Average High Cost. This should be sufficient to fund benefits during an average recession. Pursuant to state law, the agency promulgated regulations, 47-500 and 47-501, to return the trust fund to an adequate balance within five years. The agency achieved this goal as of June 30, 2019. Throughout the spring and summer of 2020, the trust fund balance declined; however, trust fund rebuilding was paused while the state was in a recessionary period.

Continued economic recovery and the appropriation of \$836.4 million in CARES Act funding for the trust fund has restored the trust fund to an adequate balance as of June 30, 2022.

Table 2 shows South Carolina's three highest benefit cost rate years, the state's actual (or projected) total wages, and the trust fund balance that would be required to achieve the recommended solvency level of 1.0. Note that CY2020 is now a new high cost year and factors into the trust fund adequacy calculations for CY2023.

TABLE 2: SOLVENCY STANDARDS AND PROJECTIONS⁹

CALENDAR YEAR	HIGH COST YEARS	AVERAGE HIGH COST RATE	TOTAL WAGES ¹⁰ 2 YEARS PRIOR (BILLIONS\$)	TARGET BALANCE (AHCM=1.0) (MILLIONS\$)
2015	1991, 2009, 2010	1.30	\$57.1	\$742.3
2016	1991, 2009, 2010	1.30	\$60.3	\$783.9
2017	1991, 2009, 2010	1.30	\$64.0	\$832.0
2018	1991, 2009, 2010	1.30	\$67.2	\$873.6
2019	1991, 2009, 2010	1.30	\$71.1	\$924.3
2020	1991, 2009, 2010	1.30	\$75.1	\$976.3
2021	2009, 2010, 2020	1.44	\$77.2	\$1,111.7
2022	2009, 2010, 2020	1.44	\$79.9	\$1,150.4
2023	2009, 2010, 2020	1.44	\$88.2	\$1,269.6
2024	2009, 2010, 2020	1.44	\$94.4	\$1,358.4
2025	2009, 2010, 2020	1.44	\$98.2	\$1,412.8

Projections in italics

For CY2023, the fund adequacy target is projected to be \$1,269.6 million based on total wages paid in the last available full year, 2021, of \$88.2 billion and an average high cost rate of 1.44. The adequate fund balance will continue to increase as the state’s economy continues to expand and will reach over \$1.4 billion by 2025.

MAXIMUM WEEKLY BENEFIT AMOUNT

Section 41-35-40 of the South Carolina Code of Laws defines an unemployed individual’s weekly benefit amount as “fifty percent of his weekly average wage . . . However, no insured worker’s weekly benefit amount may be less than forty-two dollars nor greater than sixty-six and two-thirds percent of the statewide average weekly wage most recently computed before the beginning of the individuals’ benefit year.” This statute provides a range at which the Department can set the maximum weekly benefit amount between a low of forty-two dollars and a high of sixty-six and two thirds percent of the statewide average weekly wage. The Employment Security Commission (ESC) set the maximum weekly benefit amount in South Carolina in 2008 at \$326 as the UI Trust Fund faced significant financial distress as a result of the Great Recession. The maximum amount has been set each year at \$326, within the range provided by Section 41-35-40, since that time as the state repaid the federal loan and rebuilt the UI Trust Fund to its adequate balance. If the ESC or DEW had set the maximum weekly benefit amount higher than \$326, the state’s employers would have faced higher UI taxes. Similarly, if the maximum weekly benefit amount were to increase in future years, it would likely have a negative impact on the trust fund balance and could require higher UI taxes to adequately fund.

⁹ US Department of Labor: Financial Handbook 394 and Agency calculations—small differences may be due to rounding.

¹⁰ Assumes 4% total wage growth annually. Numbers will change as economic conditions change. Note that the wages in Table 2 are based on calendar year data while the wages in Table 1 are based on fiscal year information.

TRANSPARENCY OF FUNDING (PROVISO 83.3)

In accordance with FY2022-23 Appropriations Act Proviso 83.3 this report also provides information on (1) state unemployment taxes collected by tax rate class, (2) unemployment benefit claims paid, (3) how many unemployment claims were made in error, (4) payments made to the federal government for outstanding unemployment benefit loans, and (5) the balance in the state's UI Trust Fund at fiscal year's end.

TABLE 3: CONTRIBUTIONS BY TAX RATE CLASS, 2021

TAX RATE CLASS	# OF EMPLOYER ACCOUNTS	BASE CONTRIBUTIONS	CONTINGENCY CONTRIBUTIONS	% OF TOTAL CONTRIBUTIONS
1	66,569	\$3,423	\$3,327,150	1.3%
2	739	\$1,756,241	\$604,320	0.9%
3	651	\$1,829,410	\$568,838	0.9%
4	431	\$1,777,885	\$491,349	0.9%
5	598	\$2,267,208	\$570,397	1.1%
6	506	\$2,471,967	\$551,935	1.2%
7	681	\$2,953,132	\$582,000	1.4%
8	311	\$3,331,010	\$607,257	1.5%
9	579	\$3,434,932	\$569,117	1.6%
10	709	\$3,752,042	\$560,284	1.7%
11	685	\$3,739,386	\$495,830	1.7%
12	36,134	\$13,149,054	\$1,532,977	5.8%
13	846	\$5,167,254	\$505,148	2.2%
14	778	\$8,724,149	\$424,238	3.6%
15	960	\$12,330,348	\$549,915	5.0%
16	1,218	\$12,638,320	\$500,258	5.2%
17	1,110	\$14,837,609	\$533,757	6.0%
18	1,440	\$15,630,076	\$506,733	6.3%
19	1,710	\$17,578,918	\$511,949	7.1%
20	15,249	\$104,597,795	\$1,912,229	41.8%
TOTAL	131,904	\$231,970,159	\$15,905,682	

of businesses in that category in Table 3. Any business with a delinquent wage and contribution report or delinquent unemployment taxes is assigned to rate class 20, which accounts for the larger volume of businesses in that category.

TAX COLLECTIONS BY TAX RATE CLASS

Tax rates are set on a calendar year basis in the fall of each year. Tax rates for CY2022 were set in November 2021.

In CY2021, a total of \$232.0 million was collected in the form of total state unemployment taxes based on employer-submitted wage reports. These funds were used to pay unemployment benefits to eligible individuals who were separated through no fault of their own and to continue building the state trust fund to the acceptable solvency level as defined in state law. In addition to the base tax rate for benefits, all businesses in the state are also responsible for paying a 0.06% administrative contingency assessment which totaled nearly \$15.9 million for 2021.

Table 3 shows the estimated contributions paid for CY2021 by each tax rate class.

There are a large number of businesses in tax rate class 1 due to the relatively short three-year look back period used to compute a business' experience rating. A majority of businesses in tax rate class 1 are relatively small in size. Approximately 5 percent of the state's taxable wages (excluding new businesses and delinquent accounts) are assigned to each category. Businesses with less than 12 months of liability are assigned a new business tax rate of class 12. This accounts for the large volume

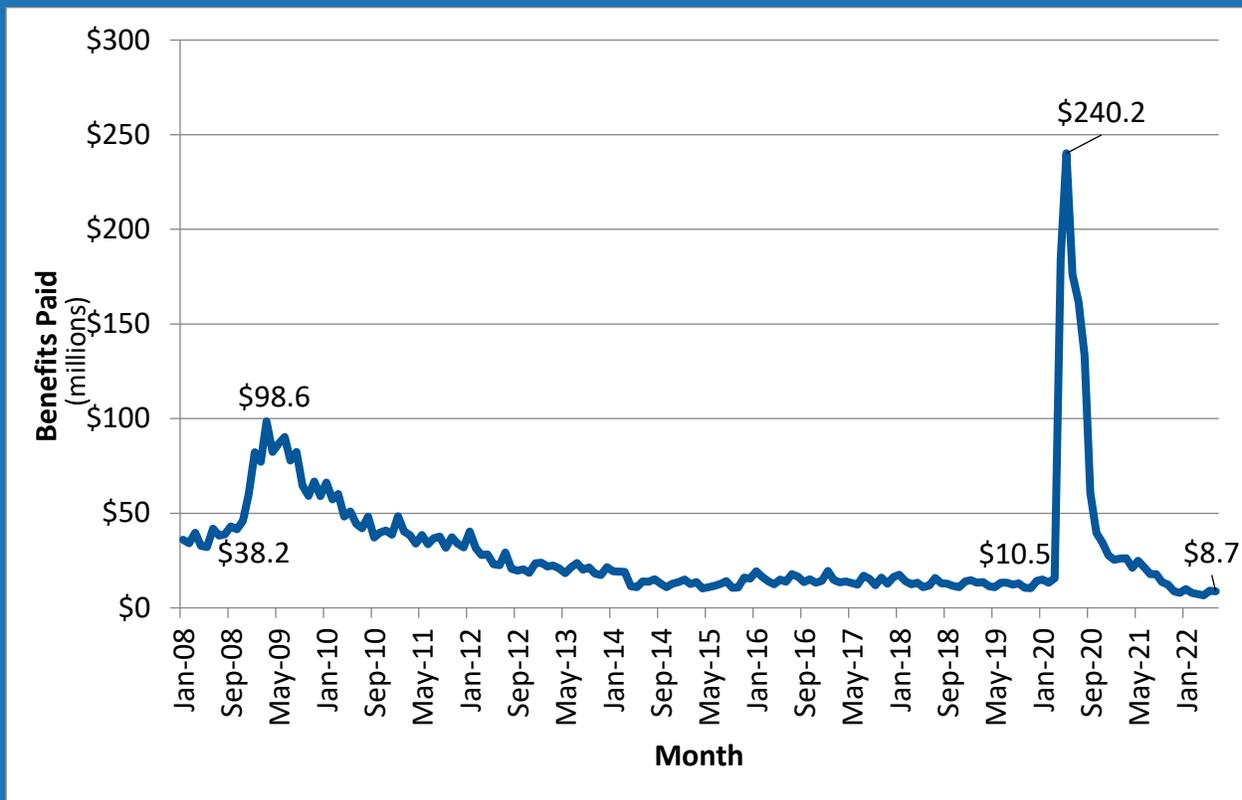
STATE UNEMPLOYMENT BENEFITS PAID

State unemployment taxes fund up to 20 weeks of unemployment benefits to individuals who are out of work through no fault of their own. Prior to June 2011, the state unemployment taxes funded up to 26 weeks of unemployment benefits. Due to the reduction in the number of weeks available, continued job growth, economic improvement in the state, and stricter disqualification penalties being implemented, benefit payments have come down substantially from their height in 2009. The COVID-19 pandemic, which began in March 2020, resulted in

unprecedentedly high monthly benefit payments due to the shutdown of certain sectors of the state's economy. Those benefit payments remained elevated throughout the year but have come down significantly from their spring 2020 peaks and are now below pre-pandemic levels.

Figure 2 shows the benefits paid by month from January 2008 through June 2022. Monthly benefit payments reached a peak in the Great Recession in March 2009 at over \$98 million. Benefit payments reached over \$240 million in the month of May 2020 as pandemic-related shutdowns of certain types of businesses had their most significant impact. As of June 2022 that number had fallen to \$8.7 million. Figure 2 does not include any federal unemployment benefit payments.

FIGURE 2: MONTHLY UI BENEFIT PAYMENTS, JAN 2008 – JUN 2022¹¹



¹¹ United States Department of Labor, <https://oui.doleta.gov/unemploy/claimssum.asp>

UNEMPLOYMENT INSURANCE IMPROPER PAYMENTS

IMPROPER PAYMENTS

The Integrity Unit is responsible for preventing, detecting and recouping any improper payments to claimants from the UI program. These improper payments include both overpayments and underpayments. They also include both fraud and non-fraud overpayments.

Historically, a majority of improper UI payments result from claimants who do not report wages earned when they file for UI benefits. DEW discovers the vast majority of these overpayments by cross-matching claims data against the wage reports South Carolina employers submit each quarter and by cross-matching data from the State Directory of New Hires. These tools, however, alert DEW of the improper payment after it has occurred. Further, DEW is required by federal law and due process standards to investigate each potential improper payment and afford the claimant a reasonable amount of time to respond before determining the payments were improper. The amount of time between the start of the improper payment and DEW's discovery, investigation, and adjudication of the improper payment will increase the amount of the improper payment.

CORRELATION TO CLAIM VOLUME

The COVID-19 pandemic prompted an historic spike in UI claim volume: 5,592,901 continued UI claims were filed in CY2020, a 632 percent increase over CY2019. Moreover, the state paid \$1.1 billion in UI benefits in CY2020, a 629 percent increase over CY2019. The increase in claim volume happened rapidly as the state went from roughly 2,000 initial claims in a week to over 80,000 per week within four weeks in March and April 2020. This rapid spike naturally resulted in workload delays. For example, it took approximately ten weeks in CY2019 to detect and resolve a wage or new hire cross-match case. Due to the pandemic workload, it took more than 30 weeks to detect and resolve a wage or new hire cross-match hit in CY2020. The combination of 632 percent more claims and 200 percent longer detection and resolution time resulted in increased improper overpayments during this period.

RECOUPMENT

The agency has several means of collecting any overpayments made to claimants. Some of the most successful include the federal and state income tax refund intercept programs (TOPs and SOD). Involuntary wage withholding after the claimant returns to work is another avenue for collection for those who do not repay their overpayments or fail to enter into repayment agreements. Overpaid individuals have the option to repay their benefits securely and easily online. As overpayments increase, overpayment collections also tend to rise as there are more overpayments that are collectable. Note that collection efforts for overpayments detected in CY2020-CY2022 will continue to occur in future years, which may result in larger recoupment values in the coming years relative to the amount of benefits paid.

FY2021-FY2022

Table 4 provides information on the number of fraud and non-fraud overpayment cases detected by the unit for the period FY2021 through FY2022 as well as the dollar amounts associated with the overpayments. The higher numbers in FY2021 are largely the result of the subsequent discovery that payments made at the start of the pandemic (the last two quarters of FY2020) were improper.

TABLE 4: OVERPAYMENTS, FY2021 – FY2022¹²

	Fraud		Non-Fraud		Total	
	FY21	FY22	FY21	FY22	FY21	FY22
Cases	5,593	2,932	33,518	14,035	39,111	16,967
Dollars	\$9.8m	\$8.8m	\$38.1m	\$14.8m	\$48.0m	\$23.6m
Recouped	\$4.4m	\$3.8m	\$8.0m	\$3.3m	\$12.4m	\$7.1m
NET	\$5.4m	\$5.0m	\$30.1m	\$11.5m	\$35.6m	\$16.5m

HISTORICAL COMPARISON

While the number of claims reached unprecedented levels during the initial phases of the pandemic and there was a resulting spike in improper payments, the percentage of overpayments in recent years has been in line with historical norms. Using ten quarter periods and comparing the total improper payments to total benefits paid, it is clear that the large dollar values associated with recent overpayments are primarily a result of drastically increased benefit payments.

TABLE 5: UI OVERPAYMENTS RATES, 2011–present¹³

Period	Fraud	Non-Fraud	Total	Benefits Paid	% Overpayment
2011Q3-2013Q4	\$26.9m	\$22.4m	\$49.3m	\$766.2m	6.4%
2012Q3-2014Q4	\$20.6m	\$16.5m	\$37.1m	\$556.6m	6.7%
2013Q3-2015Q4	\$20.3m	\$13.1m	\$33.4m	\$449.7m	7.4%
2014Q3-2016Q4	\$19.2m	\$11.5m	\$30.7m	\$414.6m	7.4%
2015Q3-2017Q4	\$13.3m	\$11.0m	\$24.3m	\$437.9m	5.6%
2016Q3-2018Q4	\$7.7m	\$11.3m	\$19.0m	\$425.0m	4.5%
2017Q3-2019Q4	\$5.0m	\$11.1m	\$16.1m	\$398.5m	4.0%
2020Q1-2022Q2	\$20.1m	\$68.1m	\$88.2m	\$1,374.9m	6.4%

UNEMPLOYMENT INSURANCE LOAN PAYMENTS

No federal loans were required or repaid during FY2022.

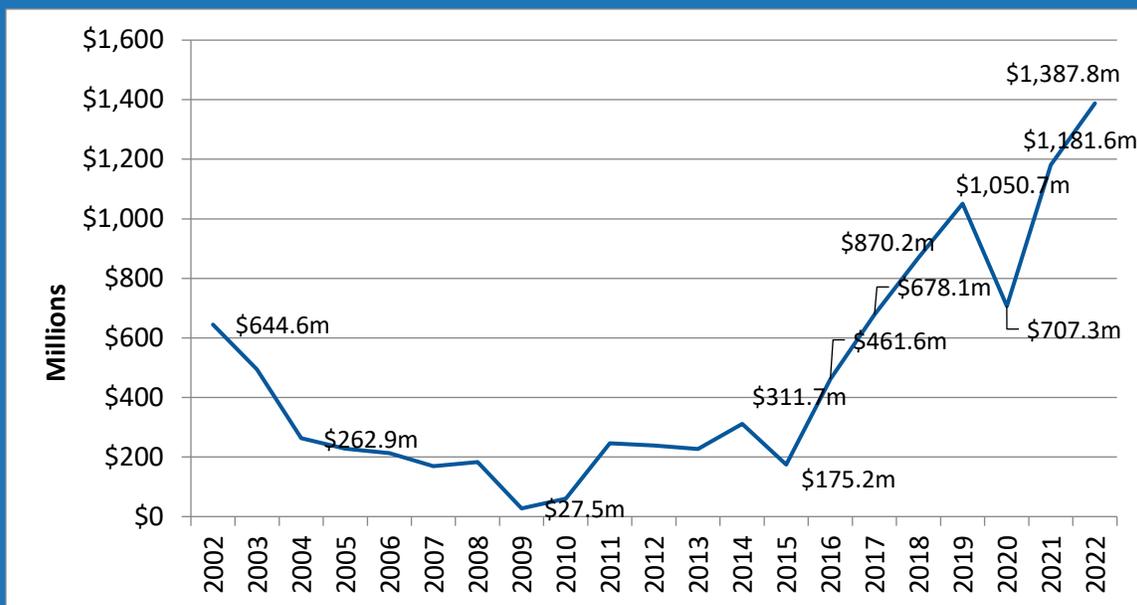
¹² ETA227 overpayment detections for fraud and non-fraud

¹³ ETA227 and ETA5159

UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of June 30, 2022, there was an unadjusted balance of \$1,387,797,571¹⁴ in the state's UI Trust Fund held at the US Treasury in Washington, DC. As shown in Figure 3, the balance in the UI Trust Fund declined steadily between June 30, 2002 and June 30, 2011 but has recovered over the past ten years. Not shown is that these balances include loans between 2009 and 2015. The trust fund balance as of June 30, 2015 does not include any outstanding loans as they were repaid in full on June 11, 2015. The timing of the last loan payment accounts for the lower trust fund total in 2015 compared to 2014. The onset of the COVID-19 pandemic accounts for the significant dip in the trust fund balance in 2020. The addition of \$836.4 million in CARES Act funding restored the trust fund balance to pre-pandemic levels.

FIGURE 3: UI TRUST FUND BALANCE AS OF JUNE 30, 2002-2022



CONCLUSION

The state's trust fund was adequately funded for a normal economic recession going into the spring of 2020. Despite the unprecedented nature of the benefit payments that occurred between March and May 2020, the trust fund was able to end FY2021 in a better position than it started and remains fully funded at the end of FY2022. This is due to the appropriation of CARES Act funding by the state. This funding allowed South Carolina to freeze tax rates for tax year 2021, maintain an adequate fund balance, and avoid the need to borrow money from the federal government, as was done between 2008 and 2011. The balance in the Trust Fund is likely able to withstand any economic turndown that may occur as a result of Federal Reserve action to tame inflation.

¹⁴ Account Statement June 2022: <https://www.treasurydirect.gov/govt/reports/tbp/account-statement/report.html>



SOUTH CAROLINA

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